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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Gary M. Katz

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EXAMINER

ALVAREZ, RAQUEL

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GROUP 3600

**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/776,714
Filing Date: February 06, 2001
Appellant(s): KATZ, GARY M.

Richard A. Neifeld
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 4/7/2005.

(1) *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

(2) *Related Appeals and Interferences*

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

(3) *Status of Claims*

The statement of the status of the claims contained in the brief is correct.

(4) *Status of Amendments After Final*

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) *Summary of Invention*

The summary of invention contained in the brief is correct.

(6) *Issues*

The appellant's statement of the issues in the brief is correct.

(8) *Claims Appealed*

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9) *Prior Art of Record*

(10) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 1-27 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention

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incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court

found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, independent claim 1 recite a method . Method claim 1 clearly recites a "useful, concrete and tangible result" ("determining a time at which a promotion is to be provided to a consumer"), however the claim recites no structural

limitations (i.e., computer implementation), and so it fails the first prong of the test (technological arts).

Claim Rejections - 35 USC § 102

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

Claims 1-5, 7, 9-21, 23-36, 39-42 and 44-46, 62-65 are rejected under 35 U.S.C. 102(e) as being anticipated by Swix et al. (6,718,551 hereinafter Swix).

With respect to claims 1-3, 7, 9-15, 19-21, 23-25, 27-36, 39-42, 45-46, 62-65 Swiss teaches a computer implemented method (Abstract). Receiving identification information from a consumer (Figure 2, 210); identifying, based upon said received identification information, one or more parameters related to promotions received by said consumer (Figure 3, 302); determining a time at which promotions is to be provided based upon said identified one or more parameters related to promotions received by said consumer (col. 10, lines 52 to col. 11, lines 1-3).

With respect to claims 4 5, Swix further teaches that one or more parameters related to said promotions received by said consumer relate to a product class/product industry of said promotions received by said consumer (Figure 3).

With respect to claim 16, Swix further teaches selecting a targeted promotion from a plurality of potential promotions based upon said one or more characteristics of

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said consumer, said determine d time being for said targeted promotion (col. 12, lines 22-90).

With respect to claims 17-18, Swix further teaches selecting said targeted promotion comprises matching said one or more characteristics of said consumer to a desired consumer profile (col. 12, lines 22-60).

With respect to claims 26 and 44, Swix further teaches determining said time at which said promotion is to be provided comprises determining at least one of a demographic and a purchase characteristic of said consumer (col. 12, lines 22-60).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 6, 22, 38, 47-58 rejected under 35 U.S.C. 103(a) as being unpatentable over Swix.

Claim 6, 22, 38 further recites that the promotions received by said consumer relate to a location where the promotions can be exercised by the consumer. Official notice is taken that it is old and well known for promotions to have a location in which it can be redeemed in order to promote patronage of an establishment. It would have been obvious a person of ordinary skill in the art at the time of Applicant's invention to have included the promotions received by said consumer relate to a location where the

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promotions can be exercised by the consumer in order to obtain the above mentioned advantage.

Claims 8 and 37 further recites a promotion validity date. Official notice is taken that it is old and well known for offers to have a validity date in which the offers can be redeemed in order allow promoters/manufacture to better manage the offers. It would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to have included recites a promotion validity date in order to obtain the above mentioned advantage.

Claim 43 further recites that the promotions have a time of receipt record. Official notice is taken that it is old and well known in the computer related arts to time stamp information received in order to keep track of when the information was received. It would have been obvious to a person of ordinary skill in the art at the time Applicant's invention to have included promotions time receipt record in order to obtain the above mentioned advantage.

Claims 47-58 recite well known forms and methods of distributing an offer and would therefore have been obvious to one of ordinary skill in the art to use such a known form of advertisement.

(11) Response to Argument

The 101 rejection to claims 28-32 have been withdrawn because since the claim are in "means plus function" language, the specification was consulted to determine the corresponding structure and computer implementation thereof. The 101 rejections to

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claims 1-27 are sustained because since the claims are not in "means plus function" format the specification doesn't need to be consulted to determine the structure .

Furthermore, the Examiner has legal authority to raise such issues and make such a rejection. There is a plurality of legal precedents in the form of case laws to support the Examiner's position (See the 101 section above). The Appellant is once again being encouraged and advised to amend the claims so that the subject matter disclosed therein is statutory. Please, remember that the technology should be incorporated primarily in the body of the claims since the Examiner does not always give patentable weight to the preambles of the claims.

Appellant argues that Swiss doesn't teach determining a time at which a promotion is to be provided based upon said identifies one or more parameters related to promotions received by said consumer. The Examiner disagrees with Applicant because in Swiss, the time to display a related promotion is when the system identifies the user viewing a particular ad. For example, when a user is watching/receiving a commercial for outdoor adventure gear then the system determines that is the right time to display a related commercial for a sport utility vehicle in which the user can carry out the adventure gear previously watched/received by the customer (col. 12, lines 43-60).

Applicant argues that Swiss doesn't teach that the promotions relate to the packaging of said received promotions. The Examiner disagrees with Applicant because Swiss relate the promotions to how promotions are received (col. 12, lines 43-60).

Applicant argues that Swiss doesn't teach that the promotions received by the consumer relate to a product class/product industry. The examiner disagrees with Applicant because based on the ads received by the customer, for example, outdoor gear, a related product is selected and displayed to the consumer (col. 10, lines 43-67).

Applicant argues that Swiss doesn't teach selecting said promotion based on characteristics of the customer. The Examiner disagrees with Applicant because Swiss

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teaches using the event data of the customer to target the promotions (col. 10, lines 51- to col. 11, lines 1-2).

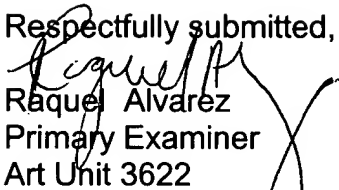
Applicant argues that Swiss doesn't teach that the promotion is based on demographic and purchase history of the customer. The Examiner disagrees with Applicant because Swiss on col. 6, lines 8-25, using the customer demographics and interactive purchasing pattern, to target the promotions.

With respect to the official notice taken by the Examiner that having a location at which to redeem an offer, for offers to have a validity date in which the offers can be redeemed, the promotions having a time stamp, Applicant asserts that Swiss does not teach, suggest, illustrate or enable either of the functions such functions and that is not valid reasoning, but this is not relevant to the use of Official Notice. While applicant may challenge the examiner's use of Official Notice, applicant needs to provide a proper challenge that would at least cast reasonable doubt on the fact taken notice of. See MPEP 2144.03 where In re Boon is mentioned

For the above reasons, it is believed that the rejections should be sustained.

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Respectfully submitted,

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R.A.
June 22, 2005

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